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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

REPORT OF THE GROUP OF EXPERTS ON MULTIMODAL TRANSPORT

**held at the Palais des Nations, Geneva,
from 9 to 13 March 1992**

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Letter of transmittal to the Secretary-General of UNCTAD

Sir,

We have the honour to submit herewith our report of the Group of Experts on Multimodal Transport containing the elements of a future programme of work for UNCTAD in the field of multimodal transport and containerization wherever there is a sea link, elaborated by us in accordance with the mandate given by the Committee on Shipping.

The experts, who attended in their personal capacities, held their session at the Palais des Nations, Geneva, from 9 to 13 March 1992. The Group unanimously elected Mr. J. P. Bendomir as Chairman and Mr. E. Bubeer as Vice-Chairman-*cum*-Rapporteur.

The session was attended by experts designated by the Governments of: Argentina, Australia, Belgium, Bulgaria, China, Cuba, Denmark, Egypt, Germany, Ghana, India, Lebanon, Mexico, Nigeria, Norway, the Philippines, Poland, Russian Federation, United States of America.

Representative of the following States attended as observers: Algeria, Argentina, Australia, Belgium, Canada, China, Democratic People's Republic of Korea, Ghana, India, Israel, Madagascar, Mexico, Morocco, Nigeria, Poland, Romania, Russian Federation, Spain, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland.

The Economic Commission for Africa, the Economic Commission for Europe, the Economic and Social Commission for Asia and Pacific, the Economic Commission for Latin America and the Caribbean, and the Economic and Social Commission for Western Asia were represented at the meeting.

The following specialized and related agency was represented at the meeting: World Bank.

The following intergovernmetal organizations were represented at the meeting: Board of the Cartagena Agreement, Ministerial Conference of West and Central African States on Maritime Transport, Organization of African Unity.

The following non-governmental organizations were represented at the meeting: General Category: International Chamber of Commerce, International Express Carriers Conference, International Organization for Standardization, Special Category: Council of European and Japanese National Shipowners Associations, European Shippers' Council, Federation of National Associations of Forwarding Agents of Latin America and the Caribbean, Institute of International Container Lessors, International Cargo Handling Co-ordination Associations, International Container Bureau, International Federation of Freight Forwarders Associations.

Representatives of the following also attended as observers: Arab Maritime Transport Academy, Italian State Road Administration.

Several representatives of the transport industry were also invited to participate in the meeting as observers.

In accordance with our mandate, and on the basis of documents prepared by the secretariat, we examined recent developments in the field of multimodal transport and containerization, as well as the main problems experienced by users and providers of these services. Bearing in mind in particular the needs of developing countries and countries with economies in transition to a market economy, we have prepared our proposals on a future programme of work on the assumption that it should reflect the dynamic nature of the industry, the emerging trends and the major policy issues in this field. It reflects a new spirit of partnership in the economic relations between countries, and the intention is to narrow the gap between the developed and other countries in this specific field, in particular in relation to the establishment of integrated logistic services, electronic data interchange and the question of larger-than-current ISO standard containers.

We consider that multimodal transport service issues, because of their complexity and long-standing bearing on trade and development, should be entrusted for detailed analysis, examination, in depth exploration and identification of possible areas of convergence to an appropriate forum established in line with the decisions of UNCTAD VIII. Taking into account that the subjects to be discussed are precisely defined, we therefore respectfully request you to consider the question of the establishment of such a forum.

We respectfully request you to distribute this report to all States members of UNCTAD and to submit it to the Trade and Development Board at its next session with a view to enabling the Board to decide on its future work programme in the field of multimodal transport, containerization and technological development.

Respectfully yours,

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Introduction

1. In paragraph 1 of its resolution 67 (XIV), adopted on 29 June 1990, the Committee on Shipping requested the Secretary-General of UNCTAD:

(a) "To convene during 1991, within available resources, a group of experts for one week:

(i) To discuss developments in the field of multimodal transport and containerization wherever there is a sea link;

(ii) To take stock of the principal problems that are experienced by users and providers of multimodal and/or container transport operations wherever there is a sea link; in doing so, the experts should pay due account to problems identified by UNCTAD as rendering the introduction of modern transport technology difficult in developing countries, in particular:

- inadequate transport infrastructure;
- non-availability of investment;
- lack of expertise of qualified operators;
- lack of necessary information of officials concerned;
- inadequate legislation such as customs regulations;
- unbalanced flow of container traffic; and
- reducing the technology gap between developed and developing countries with regard to implementation of multimodal transport and electronic data interchange;

(iii) To suggest elements of a future programme of work for the Committee in the field of multimodal transport and containerization wherever there is a sea link, bearing in mind that a major objective is to assist in practical terms multimodal transport operators and the multimodal transport of goods of developing countries;

(b) To select, in accordance with the usual principles of geographical distribution, 19 countries, which shall propose experts, from among whom the Secretary-General of UNCTAD will appoint 19 experts, also in accordance with the usual geographical distribution, to participate in the group of experts in their personal capacity. They should include representatives of shippers/shippers' organisations, multimodal transport operators, shipowners and government officials. Observers representing sectors mentioned above and being directly involved in multimodal transport operations and containerization as well as representatives of intergovernmental organisations and United Nations regional commissions may attend the meeting of the group of experts;

(c) To make available for such a meeting of the group of experts full conference facilities including one six-language team of interpreters."

2. The Committee further requested the Secretary-General of UNCTAD to make available the proposals and recommendations made by the group of experts for further consideration in order to enable UNCTAD to adopt its future programme of work in the field of multimodal transport and containerization wherever there is a sea link.

3. The session of the Group of Experts on Multimodal Transport was accordingly convened by the Secretary-General of UNCTAD at the Palais des Nations, Geneva, from 9 to 13 March 1992, in accordance with the UNCTAD calendar of meetings.

4. In the course of its session, the Group held two plenary meetings and a number of informal meetings. Its substantative discussions under agenda items 3, 4, and 5, were conducted mainly in the informal meetings, in accordance with the decision taken at the opening plenary meeting, on 9 March 1992. In accordance with this decision, observers were allowed to participate in the proceedings of the informal meetings.

Introductory statements

5. The Deputy Secretary-General of UNCTAD referred to the declaration and commitment adopted unanimously by the member States at the end of UNCTAD VIII, which stressed the need to try out new methods of work in UNCTAD and suspended all existing committees, including the Committee on Shipping, for a four-year period (until UNCTAD IX). In their place, four new committees had been created, one on commodities, one on poverty alleviation, one on ECDC and one on fostering competitive services sectors in developing countries. The present terms of reference of the - now suspended - Committee on Shipping should be included in those of the new committee on fostering competitive services sectors in developing countries, keeping in mind that it was now the responsibility of the Trade and Development Board to establish the terms of reference of these committees and of the *ad hoc* working groups established by the Conference.

6. Another development emerging from the Cartagena Commitment was the possibility of the establishment of *ad hoc* working groups dealing with new or emerging aspects of long-standing problems which, because of their complexity, would require detailed analysis, examination and reflection. As an initial step, five such *ad hoc* working groups had been established by the Conference to deal with: (i) investment and financial flows; (ii) trade efficiency; (iii) comparative experiences with privatization; (iv) expansion of trading opportunities for developing countries: and (v) the interrelationship between investment and technology transfers. These *ad hoc* working groups would report either to the appropriate committee or to the Trade and Development Board. In this connection, the Board was requested to examine the problems and opportunities which the developing countries, as well as the countries with economies in transition to market economies, were encountering in increasing their participation in international trade in goods and services in the 1990s. Furthermore, all Governments were urged to strengthen the competitiveness of their services sectors and improve their access to distribution channels and information networks.

7. The Group of Experts on Multimodal Transport could be regarded as a harbinger of these new *ad hoc* working groups. The Group had been convened in order to deal with a very specific issue, that of multimodal transport, and it comprised - both among its experts and among the observers - a very good balance between private and public sector representatives, exactly as desired by UNCTAD VIII.

8. The problems to be dealt by the Group were complex and required detailed analysis, examination and reflection, as had been recognized by the Committee on Shipping. Consequently, the Group might wish to decide to ask the Secretary-General of UNCTAD to consider ways in which substantive discussions on multimodal transport and containerization issues could be continued at both the political and the technical levels within UNCTAD.

9. The world was changing and moving towards a situation in which governmental, intergovernmental and private industry organizations would work together harmoniously with a view to creating a better society. This could of course only be achieved if there was co-operation without mistrust. One recent example of such co-operation concerned the elaboration of the UNCTAD/ICC Rules for Multimodal Transport Documents, which had been jointly negotiated by the industry, through the International Chamber of Commerce, and UNCTAD; this success was an invitation to elaborate further such agreements.

10. Finally, because of the decisions taken by UNCTAD VIII in Cartagena, the Group of Experts' mandate as set out by the Committee on Shipping had to be slightly modified so that the elements for a future programme of work in the field of multimodal transport and containerization should be presented to the committee dealing with services.

11. The Director of the Shipping Division stressed that the meeting of the Group of Experts provided a unique opportunity to "think together" on the development of multimodal transport throughout the world.

12. Containerization had brought about a revolution in all modes of transport and had created an important new concept in transport economy. Unitization of cargo and economies of scale were the main issues. With the introduction of electronic data interchange (EDI), transport service providers were integrating their services in efficient transport chains, and the concept of value-added transport chains was becoming increasingly important. It had led to the development of new services such as third-party logistics services, but it had also been the basis for the creation

of very large transport operators, the so-called mega-carriers, who took advantage of the potentialities offered by containerization and modern transport technology. Double-stack trains, block trains and piggy-back transport operations were examples of how a transport mode could increase its capacity through operational improvements.

13. The Multimodal Transport Convention signed in 1980 had not yet entered into force, and as a result commercial parties felt the need to develop an international set of rules which could protect their operations in the present vacuum of international multimodal transport legislation. The UNCTAD/ICC Rules were a demonstration of co-operation between commercial and intergovernmental parties. The entry into force in November 1992 of the Hamburg Rules would affect commercial attitudes, and that might merit analysis.

14. With regard to the problems faced by Governments, developing countries and countries in the process of transition to a market economy, there were three key issues: (i) awareness of the impact of developments on international transport; (ii) the need for national consultations between all sectors involved in trade and transport; and (iii) the need to participate in international fora to assume jointly the necessary adjustments deriving from these developments.

15. Multimodal transport issues were complex, since they made it necessary for Governments to give simultaneous attention to various questions such as transport legislation, trade and transport facilitation, infrastructure development, transport mode operations and human resource development. The individual elements that made up the multimodal transport chain might not operate efficiently because of poor infrastructure, bad management and lack of co-ordination. Multimodal transport not only required creativity and innovation in developing logistics organizations to move cargo, it also required an institutional and commercial environment which extended beyond the transport sector.

16. UNCTAD had been designated by the Economic and Social Council and the General Assembly as the focal point within the United Nations system for the study of global aspects and issues on international multimodal transport and containerization. The complicated substantive issues associated with the implementation of multimodal transport at national, subregional and global levels required in-depth discussions between the concerned governmental bodies and commercial parties, including transport providers and users. Sharing experiences, concerns and views formed an integral part of the process of building consensus, defining common interests and promoting convergence towards the practical implementation of efficient total transport chains with a view to facilitating world trade.

17. In view of the highly specialized nature of the issues, a forum must be found within UNCTAD for the continued substantive discussion of issues relating to international multimodal transport and containerization to analyze and propose answers to the political (rather than technical) questions before the issues were taken up at higher intergovernmental levels for policy decisions.

Chapter I

DEVELOPMENTS IN THE FIELD OF MULTIMODAL TRANSPORT, CONTAINERIZATION AND TECHNOLOGICAL DEVELOPMENT

(Agenda item 3)

18. For its consideration of this agenda item, the Group of Experts had before it the following documents:

- "Block train services in multimodal transport" - report by the UNCTAD secretariat (TD/B/C.4/AC.11/2);
- "The effects of EDP and EDI on transport organizations and users" - report by the UNCTAD secretariat (TD/B/C.4/AC.11/5);
- "Developments in the field of container standards" - report by the UNCTAD secretariat (TD/B/C.4/AC.11/6);
- "Developments in multimodal transport" - report by the UNCTAD secretariat (TD/B/C.4/328);
- "Review of developments in standardization of containers and related activities" - report by the UNCTAD secretariat (TD/B/C.4/329);
- "Information material for shippers to make the most efficient use of multimodal transport" - report by the UNCTAD secretariat (TD/B/C.4/330);
- "UNCTAD/ICC Rules for Multimodal Transport Documents";
- Multimodal Transport Newsletter Nos. 2 and 3; and
- "Review of maritime transport 1990" (TD/B/C.4/340).

19. On the basis of these documents the Group of Experts took stock of the main developments in the field of multimodal transport, containerization and technological developments and made recommendations concerning the programme of work in these fields.

20. The Group noted that positive action to improve total distribution of countries' overseas trade was required, and that many countries would find that, by accepting inefficient and uneconomical situations in which the cost of supplying raw materials or distributing finished goods kept rising, they might price themselves out of existing markets and have difficulties competing for new markets.

21. The Group emphasized that container block trains represented an ecologically and commercially sound response from railways to the new requirements of the transport industry. They also represented an important element in multimodal transport services. An efficient, fast and reliable service providing guaranteed transit times, co-ordinated with ocean carriers' schedules, was attractive to shippers and might enhance the revenue-earning potential of a railway, while the lack of such reliability might discourage potential customers from using block trains.

22. Reliability and regularity of services, independence from certain regulatory restrictions which applied to other modes of transport, and environmental and energy efficiency were assets that made railways an attractive solution to container transport problems. The Group felt that the creation of inland clearance depots (ICD) or dry ports and the establishment of land-bridge services might contribute to the introduction of container block train operations. At the same time, it stressed that to obtain the full advantages of such container block train services, their introduction might require capital investments and modern methods of railway operation.

23. The Group agreed that the general conditions for the operation of container block trains in developing countries (experience of workforce, traffic density, technical conditions of railway track and structures, rolling stock, signalling installations, etc.) were different from those of most devel-

oped countries.

24. The Group recommended that countries wishing to promote their transport corridors should consider the advantages inherent in the operation of block train services: not only did such services draw containers away from (congested) highways, but the operation of rail services was also ecologically less damaging to the environment than road transport. Railways consequently should:

(a) Consider the development of container block train services, including the necessary facilities;
(b) Actively discuss potential user requirements with other transport providers such as road hauliers, freight forwarders, shipping companies and MTOs, with particular reference to Customs laws, regulations and practices; and
(c) Consider the establishment of a competitive and flexible tariff structure.

Under certain conditions, consideration should be given to the operation of privatized services where the (private) container block train operator leased equipment from the railways and paid a fee for the use of the right of way.

25. The Group agreed that whilst the use of electronic data interchange (EDI) and electronic data processing (EDP) for commercial and administrative transactions offered a new and higher degree of services to the trading and transport community, its implementation was a complex matter.

26. The Group was of the opinion that:

(a) If trading efficiency was to be enhanced through improved transport services, there was an urgent need for transport providers to take full advantage of modern electronic communications developments;
(b) For this to occur, the necessary technological infrastructure must be in place at a national/international level;
(c) Governments should encourage local training institutions to provide courses in information technology so that users would be able to select, install, and use appropriate hardware and software.

27. Regarding developments in the field of container standards, the Group recognized that many countries had invested and continued to invest heavily in equipment and infrastructure to handle containers which conformed to current ISO standards. For this reason the Group also recognized the need for such countries to have confidence in the stability of current ISO standards. However, it further recognized that market requirements in some specific transport corridors warranted the use of larger-than-current-standard containers.

28. The Group noted that a seminar convened by the Economic Commission for Europe (ECE), with the assistance of the UNCTAD secretariat, had been held in November 1989. This seminar had dealt with the impact of the increased dimensions of unit loads of combined transport. UNCTAD's association with this seminar had encouraged developing countries to take an active part in the discussion and to make their voices heard in the formulation of the recommendations.

29. The Group further noted that a second seminar on the impact of the increasing dimensions of loading units on combined transport had been scheduled by ECE to take place from 1 to 4 September 1992. Recalling the success of the association of UNCTAD with the previous seminar, the ECE representative stressed that in view of the global character of the issues at stake and in order to obtain the largest possible participation of developing countries in the seminar, the valuable assistance of UNCTAD and of the other regional commissions of the United Nations would be appreciated.

30. The Group of Experts decided to keep the subject of container standards as a core element in the programme of work and considered that the UNCTAD secretariat should continue its activity in monitoring developments in the field of international container standards. It also considered that the UNCTAD secretariat should continue to liase with ISO with a view to drawing attention to the specific problems of the developing countries.

31. The Group took note of the new UNCTAD/ICC Rules for Multimodal Transport Documents and suggested that the ICC *Ad Hoc* Working Group on Multimodal Transport continue to promote their global use.

Chapter II

PRINCIPAL PROBLEMS FACED BY USERS AND PROVIDERS OF MULTIMODAL AND/OR CONTAINER TRANSPORT OPERATIONS

(Agenda item 4)

32. For its consideration of this agenda item, the Group of Experts had before it the following documents:

- "Problems and requirements that arise from broad economic reforms and restructuring of selected countries" - report by the UNCTAD secretariat (TD/B/C.4/AC.11/3); and
- "Practical problems faced by Governments and commercial parties involved in multimodal transport operations to and from developing countries" - report by the UNCTAD secretariat (TD/B/C.4/AC.11/4).

33. In the opinion of the Group, lack of experience and shortage of trained and experienced managerial staff for dealing with the various aspects of multimodal transport was a fundamental handicap for the enhancement of trade and transport and needed to be addressed.

34. Considering document TD/B/C.4/AC.11/4, the Group of Experts agreed with the secretariat's identification of three major types of constraints in the development of multimodal transport:

(a) Physical limitation of infrastructure, equipment, technology and human resources;
(b) Inadequate institutional and legal environment within the transport sector; and
(c) Lack of recognition by traders, Governments and transport providers of the potential benefits resulting from use of the appropriate INCOTERM in the sales/purchase contract.

35. The Group noted that the introduction of multimodal transport operations, essential for the sustainable development of a country, was hindered not only by limited investments in national transport infrastructure but, more importantly, by a general reluctance to make behavioural changes and administrative reforms which could result in better utilization of existing human, physical and financial resources. Most problems appeared to be of a practical and organizational character, resulting from excessive bureaucracy focused on prevention of actions rather than facilitation of trade. However, the Group also noted that because of the many demands for infrastructure funding, it was unlikely that the quality of transport infrastructure would be improved in the short term.

36. The Group noted the problems faced by container operators as a result of imbalances in traditional cargo flows and suggested that the commercial parties consider the possible containerization of commodities which now moved non-unitized in order to alleviate this problem.

37. The Group recognized the benefit to national economies resulting from competitition between MTOs and their participation in the transport chain and stressed the importance of multimodal transport in the enhancement of trade. Close co-ordination between traders, government bodies, transport users and providers was required to achieve better balance of transport facilities. Particular attention should be paid to the implications of control of attempted imports of prohibited goods. The Group consequently requested the UNCTAD secretariat to include in its technical assistance programme an element covering assistance to Governments in the field of design and implementation of appropriate institutional frameworks whereby the necessary level of Customs controls could be exercised without impeding the speed or increasing the cost of the transport activity.

38. The Group noted the inconsistency between the desire for international multimodal transport and the traders' choice of INCOTERM. In other words, the use of terms such as fob and cif were largely incompatible with international multimodal transport.

39. It was further noted by the Group that the appointment of an MTO by a trader depended

upon the INCOTERM selected in the sales contract. Cip/cpt provided the seller with the authority to appoint the MTO, while fca gave that authority to the buyer. The Group consequently requested the UNCTAD secretariat to continue with vigour its programme of multimodal transport workshops, in conjunction with the ICC's dissemination of information concerning the ICC INCOTERM, documentary practices and the UNCTAD/ICC Rules for Multimodal Transport Documents.

40. The Group noted that in the transitional processes in the trade and transport sectors, infrastructure improvements, necessary though they might be, could not be accomplished in the short term, and maximum utilization of existing infrastructure must therefore be made through changed institutional arragements and the application of action-oriented management procedures.

41. The Group recognized that because of the complexity of multimodal transport, there was a need for Goverments to consider whether they had the appropriate transport environment to facilitate efficient multimodal transport systems and suggested that some elements contained in document TD/B/C.4/AC.11/4 provided a useful point of reference.

42. Considering document TD/B/C.4/AC.11/3, the Group of Experts discussed the main problems in the field of multimodal transport and containerization faced by countries in transition to market economies. These countries had at their disposal basic transport systems which had satisfied the requirements of their economies reasonably well in the past. However, there was a critical need for rehabilitation and the improvement of equipment and operating methods. The Group considered that transport and distribution sectors would play a key role in the transition to a market economy. Attention should be given to eliminating bottlenecks, especially in ports and at rail and road frontier crossings, and filling in gaps in the domestic transport network, for example through greater use of inland waterways and combined transport operations.

43. Taking into account in particular the fact that the improvement of trade conditions for the developing countries, as well as countries undergoing the process of transition to a market economy, had been identified by UNCTAD VIII as being among the priority areas for UNCTAD's substantative work, the Group decided to include in the programme of work an item on multimodal transport assistance for the transport systems of countries with economies in transition to a market economy.

44. The Group of Experts identified and decided to include in the new programme of work in the field of multimodal transport and containerization the following items dealing with three fundamental areas in which countries might need assistance:

(a) Creation of awareness on multimodal transport issues among commercial parties and Governments;
(b) Provision of practical and up-to-date information to decision-makers on measures to be taken to enhance trade through more extensive use of multimodal transport; and
(c) Studies on current trends in multimodal transport and technological developments related to interactions between transport, trade growth and sustainable development and their corresponding implications.

45. The Group stressed that close co-operation between the private and public sectors of the industry was essential for the promotion of trade. In this regard, the Group of Experts requested the UNCTAD secretariat to arrange workshops on multimodal transport in order to assist countries with the rapid and effective introduction of the concept of multimodal transport in their transport services.

46. The Group considered the problems surrounding necessary human resource development and recommended that the UNCTAD secretariat strengthen its assistance to Governments, transport operators and traders in the improved used of existing resources, as well as focus on changes in behavioural patterns leading to a high degree of action-oriented management behaviour. The Group also noted the inadequate institutional and legal environment within which multimodal transport generally existed in some countries and requested the UNCTAD secretariat, through its technical assistance programme, to continue to support efforts to improve this situation. Finally, it recommended that the UNCTAD secretariat continue to work closely with the ICC and other commercial parties in a programme whereby traders, government officials and transport providers could recognize the potential benefits arising from control of the transport chain.

Chapter III

DRAFT FUTURE WORK PROGRAMME IN THE FIELDS OF MULTIMODAL TRANSPORT, CONTAINERIZATION AND TECHNOLOGICAL DEVELOPMENT

(Agenda item 5)

47. For its consideration of this item, the Group of Experts had before it the following documents:

- "Suggestions for elements of a new programme of work for the Committee on Shipping in the fields of multimodal transport, containerization and technological development" - note by the UNCTAD secretariat (TD/B/C.4/AC.11/7); and
- "Inventory of existing mandates and new draft programme of work in the fields of multimodal transport and technological development" - report by the UNCTAD secretariat (TD/B/C.4/323).

48. The Group of Experts carried out its work mindful of the "winds of change" generated at the eighth session of the United Nations Conference on Trade and Development held shortly before in Cartagena. UNCTAD VIII had been held against a background of political and economic changes which were transforming the world order in a profound way and which had provided member States and participants with an unprecedented opportunity to lay the foundation for policies of co-operation aimed at promoting economic and social progress in all countries of the world.

49. In order to confront this challenge, UNCTAD VIII had decided to establish a new partnership for development which commited all member States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy.

50. The Group of Experts recognized the impact this new partnership would have on the development of multimodal transport, containerization and technological development, given the wide range of operational, institutional and commercial issues involved in multimodal transport.

51. The Group noted that amongst the many issues discussed at Cartagena, member States had recognized the important contribution of the private sector in the development of competitive service industries. In particular, private corporations often facilitated job creation, human resource development, technology transfer, infrastructure development and expansion of export capacity and capabilities - all elements in the multimodal transport environment.

52. It was further noted by the Group that UNCTAD member States at Cartagena had agreed that developing countries should pursue policies to create the appropriate conditions for the development of their national service sectors and, in particular, producer services. Such policies could include, *inter alia*, the following elements:

(a) Modernisation and expansion of necessary infrastructure, in particular of telecommunication and information services;

(b) Human resource development, including on-the-job training arrangements, and development of knowledge-intensive services;

(c) Measures to encourage investment and cross-border trade by firms in the services sector in order to contribute to objectives such as the transfer of technology, training, the strengthening of infrastructures, domestic capital formation, and access to information networks and distribution channels, as well as to make use of services from competitive domestic suppliers in developing countries; and

(d) The progressive liberalisation of the services sector and the formulation of strategies to improve domestic service capabilities and for internationally competitive services.

53. The Group considered these elements to be fundamental to the successful development of multimodal transport services in the continuing quest for trading efficiency. Further, these elements encouraged the fostering of entrepreneurial initiatives focused on improving efficiency, competitiveness and the contribution of the public and private sectors. The Group noted that governmental actions might from time to time be necessary to complement the operation of market inefficiencies.

54. The Group was mindful of the role of good management in the trading and transport sectors and of the fact that good management had several dimensions in that it encompassed governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity. Good management also entailed the provision of the necessary physical and social infrastructure, concern for the environment, the pursuit of sound macro-economic policies, the creation of a conducive policy environment, and the development of the human resources required to support economic activity and policies that respected efficiency in the use and allocation of resources. Further, good management required clear legal frameworks, rule setting and decision-making, as well as transparent processes for the sound management of resources. All of these "good management practices" were prerequisites for the effective development and use of multimodal transport.

55. The Group also recognized that attainment of trade efficiency in the future would rely heavily on the use of information technology in the areas of trade facilitation and Customs automation.

56. The Group noted that multimodal transport and containerization included many complex issues, requiring detailed analysis, examination and reflection, and it recalled that the Committee on Shipping had felt unable to deal with these issues because of their very technical nature.

57. The Group finally noted that without a reallocation of resources within the UNCTAD secretariat, the Shipping Division would not be able to undertake much more than it already managed. Consequently, it would be necessary to rely not only on co-operation with the regional commissions, but also on regional or subregional institutions, as well as the international organizations, to supply part of the technical assistance required. The greatly expanded level of requests for assistance in the fields under consideration made this a matter of some concern.

Action by the Group of Experts

58. With these complex and profound issues in mind, the Group of Experts formulated a draft programme of work in the fields of multimodal transport, containerization and technological development. Taking into account the decision of UNCTAD VIII to suspend existing committees, including the Committee on Shipping, the Group agreed to submit the draft programme of work to the Secretary-General of UNCTAD for subsequent submision to the standing committee on services with a view to its consideration and adoption (for the text of the draft programme of work, see annex I).

Chapter IV

OTHER BUSINESS

(Agenda item 6)

59. On the question of dissemination of information on multimodal transport, containerization, and technological development, the Group found the secretariat's publication of the Multimodal Transport Newsletter very useful. Because of the rapidly evolving circumstances and specific nature of the subjects covered in the newsletter, the Group felt that a semi-annual publication of the Multimodal Transport Newsletter would be desirable. The Group suggested that the newsletter be included in the annual printing programme of UNCTAD, and it appealed to trade and transport specialists in multimodal transport, containerization and technological development to make contributions to the newsletter.

60. The Group also suggested that an informal network of organizations engaged in or representing the multimodal transport system be established in all countries to allow the dissemination and collection of information on these issues.

Chapter V

ORGANIZATIONAL MATTERS

A. Opening of the session

61. The Group of Experts was opened on 9 March 1992 by the Deputy Secretary-General of UNCTAD (see paragraphs 5-10 above) who made an introductory statement. The Director of the Shipping Division also made a statement to the Group of Experts (see paragraphs 11-17 above).

B. Election of officers
(Agenda item 1)

62. The Group unanimously elected Mr. J. P. Bendomir (Argentina) as Chairman and Mr. E. Bubeer (Australia) as Vice-Chairman-*cum*-Rapporteur.

C. Adoption of the agenda and organization of work
(Agenda item 2)

63. At its 1st meeting, on 9 March 1992, the Group of Experts adopted the provisional agenda prepared by the UNCTAD secretariat (TD/B/C.4/AC.11/1), as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Developments in the field of multimodal transport, containerization, and technological de- velopment
4. Principal problems faced by users and providers of multimodal and/or container transport operations
5. Draft future work programme in the fields of multimodal transport containerization, and technological development
6. Other business
7. Adoption of the report of the Group of Experts.

64. Because of the interrelationship between the issues addressed under items 3 and 4, the Group decided to consider these issues jointly but to have them reported separately.

D. Attendance

65. The session was attended by experts designated by the Governments of: Argentina, Australia, Belgium, Bulgaria, China, Cuba, Denmark, Egypt, Germany, Ghana, India, Lebanon, Mexico, Nigeria, Norway, the Philippines, Poland, Russian Federation, United States of America.

66. Representative of the following States attended as observers: Algeria, Argentina, Australia, Belgium, Canada, China, Democratic People's Republic of Korea, Ghana, India, Israel, Madagascar, Mexico, Morocco, Nigeria, Poland, Romania, Russian Federation, Spain, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland.

67. The Economic Commission for Africa, the Economic Commission for Europe, the Economic and Social Commission for Asia and Pacific, the Economic Commission for Latin America and the Caribbean, and the Economic and Social Commission for Western Asia were represented at the meeting.

68. The following specialized and related agency was represented at the meeting: World Bank.

69. The following intergovernmetal organizations were represented at the meeting: Board of the Cartagena Agreement, Ministerial Conference of West and Central African States on Maritime Transport, Organization of African Unity.

70. The following non-governmental organizations were represented at the meeting: General Category: International Chamber of Commerce, International Express Carriers Conference, International Organization for Standardization, Special Category: Council of European and Japanese National Shipowners Associations, European Shippers' Council, Federation of National Associations of Forwarding Agents of Latin America and the Caribbean, Institute of International Container Lessors, International Cargo Handling Co-ordination Associations, International Container Bureau, International Federation of Freight Forwarders Associations.

71. Representatives of the following also attended as observers: Arab Maritime Transport Academy, Italian State Road Administration.

72. Several representatives of the transport industry were also invited to participate in the meeting as observers.

E. Adoption of the report of the Group of Experts
(Agenda item 7)

73. At its 2nd (closing) plenary meeting, on 13 March, the Group of Experts adopted the draft report on its session (TD/B/C.4/AC.11/L.1 and Corr.1 and Add.1) and authorized the Rapporteur to complete the text as appropriate.

Annex 1

DRAFT FUTURE WORK PROGRAMME IN THE FIELDS OF MULTIMODAL TRANSPORT, CONTAINERIZATION AND TECHNOLOGICAL DEVELOPMENT

1. The Group is convinced that multimodal transport and containerization are fundamental ingredients for the expansion of trade, which in itself is a key element in the elimination of poverty. With this in mind, and noting also the need for ecologically sound development policies, the Group asked the secretariat to assist with the identification of a relevant set of issues in the field of multimodal transport and containerization which with a view to facilitating trade and transport up to the year 2000.

2. In identifying these relevant issues, the Group emphasized the need for the secretariat to embrace the "spirit of Cartagena" and then to ensure that the programme of work is implemented in a dynamic and progressive sequence supported by the necessary levels of policy analysis, conceptual innovation, research, and inputs from both governmental and non-governmental experts and actors.

3. The quality of outputs of the programme of work must be constantly evaluated so as to enable the secretariat clearly to identify the determinants of success. The Group of Experts recommended to the committee on services that it establish a list of priorities which will permit the secretariat to develop appropriate implementing strategies and timetables.

A. Involvement of both the private and public sectors

4. In order to encourage better co-operation in the national trade and transport fields, the public and private sectors should be encouraged jointly with the Government to establish national working groups which can discuss and thus understand the complex issues of the multimodal transport environment and recommend policy and operational measures to Governments and other concerned parties for consideration.

B. Substantive work by the UNCTAD secretariat

5. Substantive work by the UNCTAD secretariat in the field of multimodal transport, containerization and technological development will focus on three areas: (a) monitoring of worldwide developments and preparation of periodic reports on such developments; (b) preparation of substantive reports; and, (c) technical assistance activities.

6. The Group of Experts therefore recommends the following programme of work for the committee on services:

1. Monitoring worldwide developments

(a) ***Structural changes in transport supply:***

(i) Development of new multimodal transport systems with potential global effects;

(ii) Possible entry barriers to freight forwarders and multimodal transport operators from developing countries and countries undergoing the process of transition to

a market economy wishing to enter the international transport market;

(iii) Migration of multimodal transport into physical distribution or "total transport" chains;

(iv) Development of multimodal sea/air transport services;

(v) Developments in the container-leasing industry, including their effects on developing countries and countries undergoing the process of transition to a market economy;

(vi) Development of new transport infrastructure with potential global effects (alternatives to the Panama Canal, new major transhipment ports, the advent of double-stack trains in countries other than those where they already exist, etc.);

(vii) Effects of increased competitiveness and liberalization policies on the transport sector of developing countries and countries undergoing the process of transition to a market economy;

(viii) The changing requirements for shippers' councils in the context of the new economic environment in developing countries and countries undergoing the process of transition to a market economy; and

(ix) Dissemination to other interested countries of experience of developing countries and of countries undergoing the process of transition to a market economy at an already advanced stage of container block train development.

(b) ***Structural changes in transport demand:***

(i) Emerging transport and total distribution needs of infant industries in developing countries and countries undergoing the process of transition to a market economy; and

(ii) Changes in economic systems and their impact on international trade flows and international transport needs.

(c) ***Changes in transport technology:***

(i) Developments in EDP in the context of modern transport and the effects of the introduction of EDI development for "multimodal transport systems" relying on EDI and similarly advanced procedures;

(ii) Developments in containerization and related transport technology with potential impacts on countries' transport infrastructure and investment requirements, including maintenance and rehabilitation of those facilities and possible cost recovery schemes;

(iii) Developments in the field of standardization of containers through monitoring and participation in the work of ISO TC104.

(d) ***Changes in the institutional environment in developing countries and countries undergoing the process of transition to a market economy:***

(i) Liberalization;

(ii) Privatization;

(iii) Transport legislation;

(iv) Management efficiency; and

(v) Success sharing.

2. Preparing substantive reports

These reports should concentrate on individual countries or regions.

(a) ***On economic and commercial issues:***

(i) Impact of multimodal transport systems and tariffs on trading opportunities in developing countries and countries undergoing the process of transition to a market economy and including the need to encourage the creation of joint-venture multimodal transport operations;

(ii) Feasibility of creating national or subregional container pools among multimodal transport operators in developing countries; and

(iii) Evaluation of the impact of the introduction of ISO Series 9000 quality standards on the commercial and human resources of transport providers and users from developing countries and countries undergoing the process of transition to a market economy.

(b) ***On operational issues:***

(i) Development of inland waterway transport operations in multimodal transport;

(ii) Impact on the transport industry of developing countries and countries undergoing the process of transition to a market economy of the introduction of EDI and the importance of EDIFACT for effective trade and transport, having due regard for the need to standardize procedures and documentation as the first step in the EDI process;

(iii) Human-resource development management in the field of freight forwarding and multimodal transport, including aspects such as increased management awareness of the importance of manpower planning, selection, job placement and rotation, creation of external training structures, and establishment of a recognized professional grid system to promote mobility within the profession.

(c) ***On legal issues related to the development of multimodal transport and technological development:***

(i) Aspects to be considered in the harmonization and subregional co-ordination of the development of multimodal transport, including the need for the establishment of minimum standards for non-vessel-operating multimodal transport operators and freight forwarders in consultation with FIATA and other NVO-MTO organizations as appropriate;

(ii) Introduction of guidelines and models for the harmonization and simplification of administrative and Customs procedures, taking into account the interest of much greater adherence to the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (2nd TIR Convention of 1975) as well as the Customs Convention on Containers (CCC); and

(iii) Reference document (MT Handbook) for officials and practitioners, setting out the basic concepts of multimodal transport and the major issues to be tackled by the private and public sectors in the process of developing multimodal transport in a country.

C. Technical assistance activities

7. Under the heading of technical assistance activities, it is possible to distinguish three main elements in the programme of work: (a) the creation of awareness among governmental bodies, users and transport operators; (b) a programme of assistance in connection with the implementation of multimodal transport, containerization, and technological development issues; and, (c) the implementation of the suggested actions, including actions to adjust the transport sector in countries undergoing the process of transition to a market economy.

8. The technical assistance programme will play an important role in assisting decision-makers from developing countries and from countries undergoing the process of transition to a market economy in two ways:

(a) By providing and monitoring technical assistance and training in specific areas, such as those analysed by the Group of Experts, leading to the implementation of modern transport technology; and,

(b) By creating awareness of multimodal transport issues, by preparing reference documents for decision-makers on key issues, and by keeping decision-makers abreast of institutional and technological developments which have been demonstrated to be propitious for the promotion of efficient multimodal transport services.

9. These two approaches to technical assistance are complementary, in that one concerns actions in the field whereas the other focuses on research and synthesis work to support decision-makers' consideration of these issues. They will collectively provide the secretariat with valuable inputs for use in the preparation of substantive reports.

10. The first approach to technical assistance (subparagraph 8 (a) above) will involve many technical assistance activities to be undertaken by the private sector in co-operation with governmental agencies. There will also be an opportunity for technical co-operation among developing countries; and additionally, there may, in certain circumstances, be a need to provide assistance to intergovernmental organizations and utilize the regional and subregional organizations from the private sector.

11. Without limiting the scope of field-oriented technical services to be provided by the secretariat, and mindful that in this changing world, technical assistance must be dynamic and relevant to the issues of the day, the secretariat will provide technical assistance covering:

(a) Assistance with implementation of specific actions, such as:

(i) Advice on the organisation of awareness campaigns;

(ii) Advice to governmental bodies and the private sector on specific measures which will facilitate the introduction of multimodal transport, containerization, and technological development in a country or subregion;

(iii) Advice on modifications to organisational structures for organisations which are to undertake multimodal transport operations; and

(iv) Advice on the creation of mixed public and private working groups.

(b) Assistance with group-training activities.

12. The second approach (subparagraph 8 (b) above) will rely on the secretariat's substantive work. In particular, as a form of technical assistance, the secretariat will play a prime role in creating the necessary awareness of the possible enhancement of trading efficiency through the implementation of multimodal transport systems.

13. To this end the secretariat is required, in co-ordination with international organisations, both intergovernmental and non-governmental, as well as donor and recipient countries, to organize specific campaigns concerning the overall concept of multimodal transport and aimed at representatives from transport providers, users and governmental bodies, as described below:

(a) Specific awareness campaigns for transport operators on the importance of their role, particularly in countries located along transit routes leading to land-locked countries and remote regions. These campaigns will propose improved organisation of modal/interface operations and increased use of modern technology (containerization, computerisation and the use of EDI). They will also propose the creation of freight forwarders and MTOs to serve as official counterparts in all negotiations with governmental bodies and transport users on trade and transport issues;

(b) Specific awareness campaigns for transport users and traders on how to benefit from the development of multimodal transport in their respective countries. These campaigns would include the need to adopt modern commercial practices (trade, banking,

insurance) and to reach common positions when negotiating with governmental bodies and transport operators; and,

(c) Specific awareness campaigns for governmental bodies on actions to be taken in order to create an efficient transport environment which facilitates the development of multimodal transport systems in their respective countries. These campaigns would consider, where appropriate, the necessity to create working groups with the participation of all the public and private parties concerned, including national associations of transport users and transport operators, which can discuss and thus understand the complex issues of the multimodal transport environment. These working groups must include technical subcommittees on facilitation, legislation and EDP/EDI in the trading and transport sectors.

The campaigns would emphasize the importance of revising existing national laws and regulations to promote maximum efficiency in and between all transport modes and interfaces. They would also cover such issues as Customs and banking procedures imposed on freight forwarders and NVO-MTOs, including the question of performance bonds and procedures for the payment of import duties and taxes. Finally, the campaigns would stress the importance for governmental bodies to take international transport issues into consideration in the formulation of national (transport) development plans, particularly with respect to the planning of transport-related infrastructure developments.

14. Finally, the programme of work at the level of technical assistance will be closely co-ordinated with other United Nations agencies and bodies, particularly the World Bank and the regional commissions, and with non-governmental organisations, in order to avoid any duplication of effort and take advantage of synergies.

Annex II

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